

HEADQUARTERS
UNITED STATES EUROPEAN COMMAND
UNIT 30400, BOX 1000
APO AE 09128

DIRECTIVE
NUMBER 56-11

9 July 1997

PLANS AND POLICY

Disposition of and Negotiation for the Recovery of Residual Value
of U.S. Excess Facilities Located in Foreign Countries

1. **Summary.** To provide peacetime policy direction and guidance for the return of U.S. excess facilities to host governments and the negotiation of the residual value of such facilities.
2. **Applicability.** This directive applies to all DOD service components operating within the geographic areas assigned to the U.S. European Command.
3. **Internal Control Systems.** This Directive contains no internal control provisions or checklists for conducting internal reviews. For HQ USEUCOM and subordinate joint activities, the applicable internal control directive is ED 50-8, Internal Management Control Program.
4. **Suggested Improvements.** ECJ4-EN is the proponent for this Directive and suggested improvements should be forwarded to HQ USEUCOM, ATTN: ECJ4-EN, Unit 30400, Box 1000, APO AE 09128.
5. **References.**
 - a. JCS Pub 3, Joint Logistics and Personnel Policy and Guidance.
 - b. USEUCOM Directive 56-9, European Command Relationships and U.S. Defense Representatives.
 - c. USEUCOM Directive 62-3, Real Estate Operations.
 - d. USEUCOM Directive 60-4, NATO Common Funded Infrastructure Responsibilities.
6. **Policy.**
 - a. Policies pertaining to the conduct of real estate operations to include residual value in areas under the military control of a Commander of a Unified Command are set forth in reference a.

This Directive supersedes ED 56-11, dated 02 Oct 91.
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b. Residual value is defined as the negotiated settlement of present day value, from both U.S. and host nation perspective, of U.S. capital investment in facilities at installations we are returning to host nation control. The U.S. has invested substantial sums in European installations and is entitled in many nations to residual value from our investment.

c. Residual value is applicable to structures and similar forms of nonmoveable excess facilities, including any movable items which are affixed to the structure and left in place; e.g., installed building equipment. These facilities include those which are no longer authorized for use by U.S. Forces either by decision of the United States Government or by termination of applicable agreements.

d. The provisions of this directive do not apply to leasing arrangements of privately owned real property. Residual value resulting from U.S. improvements in these properties will be disposed of in accordance with the terms of the individual lease instruments.

e. Generally, the disposition of and the negotiation for the recovery of the residual value of U.S. facilities in host countries is governed by provisions of existing international agreements with the country concerned. The right of the United States to residual value arises when facilities constructed or improved at U.S. expense (either in whole or in part) are no longer required or authorized. The residual value of such facilities is any sum that may be mutually agreed upon between the United States and the host government. Settlement may take the form of cash payments, letters of credit, or credit offset against obligations of the U.S. Government subject to the constraints of the U.S. law and in accordance with DOD policy. Negotiations at both the diplomatic and technical (field) level may be required to obtain a settlement for the U.S. claim to residual value. No uniform approach, equally applied in all countries, is possible due to the varying provisions of agreements on residual value and to the particular conditions and circumstances in each country. The policy guidance herein, therefore, is predicated on these considerations.

7. **Responsibilities.** Following guidelines supplement specific instructions to component commanders contained in references b and c.

a. Facilities will be released to the host government as soon as practicable after declared excess. U.S. claims for residual value will be initiated as an integral part of the release process.

b. To assure a uniform approach within each country, the component commander assigned area real estate responsibility by reference (c) is responsible for conduct of residual value matters within the assigned area. The component commander assigned real estate responsibility may authorize

other component commanders holding facilities within the area to conduct residual value negotiation as agreed on a case by case basis. If authorization is given, other component commanders holding facilities within the area will consult with the component commander having real estate responsibility before initiating residual value negotiations, provide periodic

updates regarding negotiation progress, and obtain concurrence of the component commander having responsibility prior to reaching final agreement.

c. Component commanders will keep USCINCEUR informed of significant developments or problems arising in connection with negotiations and related residual value matters and will maintain complete records of residual value actions.

d. Component commanders will provide USCINCEUR advance copies of significant communications or position papers pertaining to the development and negotiation of policies and procedures for the recoupment of residual value.

e. In those countries or areas where a primary responsibility for real estate matters is not assigned by reference c, component commanders will exercise individual responsibility for residual value matters arising in connection with the facilities under their command.

f. Component commanders are authorized direct liaison with U.S. Embassies in the conduct of residual value matters. This liaison will be effected in coordination with the country Office of Defense Cooperation (ODC), or similar organization, assigned in reference b.

g. Component command responsibilities regarding disposal of NATO infrastructure funded facilities is outlined in reference d. Residual value determination and processing for NATO common funded facilities is the responsibility of the host nation and is guided by the NATO Infrastructure Manual AC/4-M/206 (revised). Residual value for the U.S. funded portion of common funded facilities will be sought from the subsequent user of the facilities.

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